



STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

Board of Land and
Natural Resources
State of Hawaii
Honolulu, Hawaii

OAHU

ISSUANCE OF DIRECT LEASE AND RIGHT-OF-ENTRY TO AMERON
INTERNATIONAL CORPORATION, DBA AMERON HAWAII ADJACENT
TO AND IN VICINITY OF PIER 60 AND KEEHI LAGOON
TAX MAP KEY: 1ST DIVISION, 1-2-23: PORTIONS OF 33
HONOLULU HARBOR, KAPALAMA AND IWILEI, HONOLULU, OAHU

REQUEST:

Issuance of: (1) direct lease to Ameron International Corporation, doing business as Ameron Hawaii, for the loading, unloading, stockpiling, storage, transfer and distribution of rock aggregates and sand at Pier 60, Keehi Lagoon and Honolulu Harbor.

LEGAL REFERENCE:

Sections 171-11, 35 and 36, and Subsection 171-59(b), Hawaii Revised Statutes

APPLICANT:

Ameron International Corporation, doing business under the trade name: Ameron Hawaii, a Delaware corporation authorized to do business in the State of Hawaii

LOCATION AND TAX MAP KEY:

In vicinity of and adjacent to Pier 60, Kapalama and Iwilei, Honolulu, Island of Oahu, identified by and designated as portions of Tax Map Plat: 1st Division, 1-2-23:33, as shown and delineated on the attached map labeled Exhibit A.

AREA:

Approximately six (6) acres, more or less

ZONING:

State Land Use District:	Urban
City and County of Honolulu:	Waterfront Industrial (I-3)

LAND TITLE STATUS:

Section 5(b) "ceded" land of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES ☐ NO ☒

CURRENT USE STATUS:

Subject State-owned, public land presently encumbered by Governor's Executive Order No. 2636, setting aside fast land areas adjacent to and in vicinity of the east side of Keehi Lagoon under the control and management of the Department of Transportation, Harbors Division, for commercial maritime and maritime-related purposes.

CHARACTER OF USE:

1. The non-exclusive right to load and unload rock aggregates and sand from Pier 60;
2. The exclusive right to stockpile, store and distribute rock aggregates and sand at, in, on or from the Premises; and,
3. The right to conduct, after obtaining LESSOR's prior written approval, any other operation or activity, which is reasonably necessary or incidental to the conduct of LESSEE's rock aggregate and sand stockpiling, storage and distribution operations.

TERM OF LEASE:

Not more than thirty-five (35) years (Exact term of lease to be determined by Director of Transportation)

LEASE COMMENCEMENT DATE:

To be determined by the Director of Transportation at a later date

ANNUAL GROUND LEASE RENTAL:

Annual Rental for First Five (5)-Year Period (Years 1 through 5): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a “Certified General Appraiser” whose services shall be: (a) contracted for by the Department of Transportation, Harbors Division; and (b) paid by the Applicant

Annual Rental for Second Five (5)-Year Period (Years 6 through 10): During each of the sixth (6th) through and including the tenth (10th) years of the Lease term, beginning upon the first day of the sixth (6th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the fifth (5th) year of the Lease term and 115%.

Annual Rental for Third Five (5)-Year Period (Years 11 through 15): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a “Certified General Appraiser” whose services shall be contracted for and paid by the Department of Transportation, Harbors Division

Annual Rental for Fourth Five (5)-Year Period (Years 16 through 20): During each of the sixteenth (16th) through and including the twentieth (20th) years of the Lease term, beginning upon the first day of the sixteenth (16th) year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the fifteenth (15th) year of the Lease term and 115%.

Annual Rental for Fifth Five (5)-Year Period (Years 21 through 25): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a “Certified General Appraiser” whose services shall be contracted for and paid by the Department of Transportation, Harbors Division

Annual Rental for Sixth Five (5)-Year Period (Years 26 through 30): During each of the 26th through and including the 30th years of the Lease term, beginning upon the first day of the 26th year of the Lease term, LESSEE shall pay to LESSOR, for its occupancy and use of the Premises, an annual rental equal to the sum of the product of the annual rental for the 25th year of the Lease term and 115%.

Annual Rental for Seventh Five (5)-Year Period (Years 31 through 35): To be determined by an independent real property appraiser who is licensed by the State of Hawaii as a “Certified General Appraiser” whose services shall be contracted for and paid by the Department of Transportation, Harbors Division

PERFORMANCE BOND:

Sum equal to at least one-quarter (1/4) of the then annual ground lease rental in effect

MINIMUM IMPROVEMENT REQUIREMENT:

\$2,000,000

CHAPTER 343, HRS - ENVIRONMENTAL ASSESSMENT:

On January 10, 2007, the Interim Director of Transportation, Mr. Barry Fukunaga, informed the State Office of Environmental Quality Control (OEQC) that Ameron Hawaii proposed three (3) projects to restore the Pier 60 area to its original condition and functionality. Specifically, the scope of work included the following activities:

1. Maintenance dredging to return the Pier 60 channel and turning basin to their original water depths and functionality.
2. Clearing of on-site debris on approximately six (6) acres of fast lands adjacent to Pier 60, and returning the subject 6-acre site and site drainage system to its original grade and functionality.
3. Repair the pier and pier loading dock area to their original functionality.

The Interim Director of Transportation further informed OEQC that the foregoing projects would have minimal or no significant impact on the environment and was therefore exempt from the preparation of an environmental assessment. This determination of “no significant impact on the environment” is based on Exemption Class 1 (Item D.4), Exemption Class 2 (Item A.5) and Exemption Class 6 (Item 8), as listed on the Comprehensive Exemption List for the State of Hawaii Department of Transportation, amended November 15, 2000.

DCCA VERIFICATION:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

For many years up to the present, Ameron International Corporation, doing business under the trade name Ameron Hawaii (“Ameron”) has unloaded sand from barges at Piers 19 or 20 at Honolulu Harbor and used adjacent pier aprons and asphalt-paved areas for the temporary stockpiling of sand on a regular weekly or bi-weekly basis. However, the impending July 1, 2007 commencement of daily ferry services from Pier 19 and Hawaii Superferry’s use of adjacent asphalt-paved areas for its operations required the relocation of Ameron’s sand operations. DOT Harbors Division has identified a site in the Pier 60 area adjacent to the east side of Keehi Lagoon as a suitable relocation alternative for Ameron’s sand operations.

Resource Recovery previously occupied the subject fast land area to operate a concrete rubble and construction waste recycling site. This site is situated near Ameron’s concrete ready-mix facility and administrative offices located on private property. Due to the present physical and topographical condition of the proposed lease site, Ameron agreed to: (a) accept the subject site in an “as is – where is” condition; (b) clear the site of all remaining concrete rubble, construction waste and other debris; and (c) restore the proposed lease site and its drainage system, and Pier 60 concrete structure and loading dock to a condition similar to that that originally existed through the issuance of a lease from the DOT Harbors Division for a term not to exceed thirty-five (35) years from the effective commencement date. The lease will be preceded by a right-of-entry agreement for a term not to exceed one (1) year from date of issuance to provide Ameron time to restore the lease site and the Pier 60 structure and loading dock to a condition similar its original condition.

RECOMMENDATION:


That the Board:

- A. Authorize the Department of Transportation to issue a direct lease to Ameron International Corporation, doing business in the State of Hawaii as Ameron Hawaii, subject to:
 1. The terms and conditions herein outlined, which are by reference incorporated herein.
 2. Applicant Requirements: Prior to the execution and issuance of the harbor lease the Applicant must provide written evidence of the following items:
 - a. Special Management Area (SMA) Permit from the City and County of Honolulu

- b. Department of Health Clean Air Permit, or exemption if granted, after required submittal of information on the equipment specifications, amount of material to be processed, and proposed operating schedule.
 - c. General Permit coverage under the National Pollutant Discharge Elimination System (NPDES) General Permit Authorizing Discharges of Storm Water Associated with Industrial Activity.
 - d. Best Management Practices Plan
 3. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.
 4. Review and approval of the Department of the Attorney General as to the lease form and content.
- B. Authorize the Department of Transportation to issue a right-of-entry (hereinafter referred to as the “ROE”) to Ameron International Corporation, doing business as Ameron Hawaii (hereinafter referred to as “Ameron”, subject to the following terms and conditions:
 1. Term of ROE: Not to exceed one (1) year.
 2. Premises. ROE shall be limited to portions of State-owned, fast and submerged lands presently: (a) set aside by Governor’s Executive Order Nos. 2636 (fast lands) and 3202, Part 2 (submerged lands); and (b) under the control and management of the State of Hawaii, Department of Transportation, Harbors Division, hereinafter referred to as the “Premises”.
 3. Purposes of ROE: Ameron, its assigns, employees, agents, contractors, and sub-contractors are hereby granted the right and privilege to enter upon, over, and across the Premises for the purpose of: (a) conducting geotechnical survey of Pier 60 footings; (b) relocation of existing tenants from the Premises; (c) constructing a temporary dewatering/storage basin on the Premises for dredged materials excavated from Keehi Lagoon; (d) dredging of the Pier 60 face and Keehi Lagoon turning basin; (e) dredging of Keehi Lagoon channel entrance to turning basin; and (f) sorting the concrete rubble that was stockpiled and abandoned in-place on portions of the Premises in preparation for eventual crushing activities on site, together with the right of ingress and egress upon, over, across and within the Pier 60 area to conduct such activities.

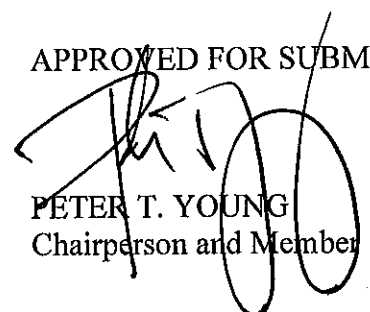
4. Department of Health Requirement: Ameron shall comply with and fully satisfy all the terms and conditions as listed in a letter, dated December 18, 2006 (DOH Reference No. S1223SL) and entitled Site Closure of the Former Resource Recovery, Ltd. Site, from Mr. Steven Y. K. Chang, P.E. Chief, Solid and Hazardous Waste Branch, State of Hawaii Department of Health, and addressed to Ms. Linda F. Goldstein, Manager, Environmental & Community Relations, Ameron Hawaii.
5. Such other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.
6. Review and approval of the Department of the Attorney General as to the construction right-of-entry form and content.

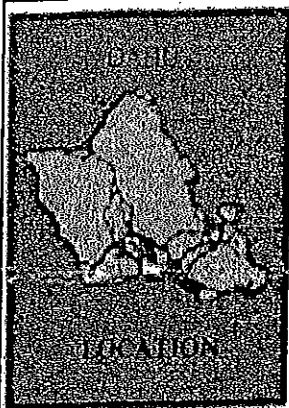
Respectfully submitted,


BARRY FUKUNAGA
Interim Director of Transportation

Attachment

APPROVED FOR SUBMITTAL:


PETER T. YOUNG
Chairperson and Member



DLNR
PROPERTY
TMK 12023044

PIER 60
PROJECT
AREA
TMK 12023033

AMERON
HAWAII
2344
PAHOONUI
DRIVE

KEEHI
LAGOON



Map created with AutoCAD Copyright © 1992-2001 ERM Inc.

PIER 60 SITE MAP

EXHIBIT A